



# Maricopa County

Department of Finance

## Tom Manos

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Date: February 15, 2008  
To: David Smith, County Manager  
From: *TM 4/585 2/15/08*  
Tom Manos, Chief Financial Officer  
Subject: FY 07-08 Variance Report – January 2008

Attached is the financial activity through January 31, 2008 showing the budget versus actual comparisons for the General Fund and Detention Fund. This variance report is presented as an Executive Summary for your review. Comments regarding variances for major revenue and expenditure line items are provided below.

- **Property Tax Revenue YTD variance of (\$6,621,269):** Property Tax YTD revenue for FY 07-08 is 7.9 percent higher than FY 06-07 actuals with a current year negative budget variance of 2.7 percent. This indicates a timing difference between budget and actual property tax revenue during the first half of the fiscal year. Delinquency rates could be affected by an increase in property foreclosures, and thus will be monitored. Historical trends indicate this timing difference will be resolved and minimal variance will exist at fiscal year end.
- **Vehicle License Tax Revenue YTD variance of (\$898,451):** The FY 07-08 Vehicle License Tax YTD revenue is .8 percent lower than the FY 06-07 YTD actuals with a current year negative budget variance of 1.1 percent. The FY 07-08 budget was based on the April 2007 Pessimistic forecast from Elliott D. Pollack & Co. (EDP) and assumed zero percent growth over the previous fiscal year. January revenue was 2.8 percent less than the same month in the prior year. Budget forecasts indicate minimal variance at fiscal year end.
- **Sales Tax Revenue YTD variance of (\$11,075,564):** The FY 07-08 Sales Tax revenue is .8 percent lower than the FY 06-07 YTD actuals with a current year negative budget variance of 3.9 percent. The FY 07-08 budget was based on the April 2007 Pessimistic forecast from Elliott D. Pollack & Co. (EDP) and assumed 3 percent growth over the previous fiscal year. January revenue was actually 1.2 percent less than the same month in the prior year. This trend is expected to continue, and may worsen based on recent reports from local economists. The January forecast from EDP was reduced to zero percent growth in the Most Likely scenario, and a 2 percent decline in the Pessimistic scenario. The latest forecasts are for budget shortfalls of \$17.0m to \$26.7m this fiscal year.
- **Interest Revenue YTD variance of \$8,366,112:** General Fund annualized interest income was budgeted conservatively at \$12m. Interest revenue is recorded quarterly and analysis of the YTD budget and actuals indicates an anticipated fiscal year end positive variance of approximately \$16m.

- **Miscellaneous Revenue YTD variance of (\$1,264,593):** This category includes licenses and permits, charges for service, and fines and forfeits. Revenues are \$1.3m under budget YTD. This reduction is due, at least in part, to a sharp reduction in recording fees collected as a result in the precipitous decline in developers requesting permits for new home construction.
- **Personnel Services Expenditures YTD variance of \$3,959,047:** Overall, personnel services expenditures are 1.4 percent under budget. While many departments are recording significant savings, a number are over budget, usually due to unattained budgeted personnel savings.
- **Services Expenditures YTD variance of \$23,404,461:** The favorable variance is primarily attributable to savings in Non-Departmental, General Government, and Appropriated Fund Balance, offset by overruns in Contract Counsel. In General Government, the combined favorable variance of \$5.6m is due to litigation and consulting expenditures, which do not follow a predictable pattern. In Non-Departmental, an \$11.1m favorable variance is due to a combination of technical and timing issues. In Appropriated Fund Balance, the combined variance of \$11.9m is primarily due to timing of information technology project expenditures. Payments by Public Defense Services (Contract Counsel) for private attorneys for indigent legal representation are \$2.9m over budget.
- **Intergovernmental Payments YTD variance of \$2,753,617:** The favorable variance is primarily due to savings in the Arizona Long Term Care System (ALTCS) contribution and delayed payments to non-profit agencies. The ALTCS contribution makes up \$1.9m of the favorable variance. The ALTCS contribution is budgeted at \$156.1m, but the actual contribution is only \$152.8m, a favorable variance of \$3.3m. The final ALTCS amount was not disclosed by the State until after County budget adoption. In addition, \$0.7m of the favorable variance is due to the timing of payments to non-profit agencies, and will not result in savings at year end.
- **Debt Service YTD variance of \$2,954,352:** The favorable variance is primarily due to delayed starts for lease purchase payments. Debt Service is under budget because the majority of loan obligations for technology purchases concluded July 31, 2007. The County is currently under an extended warranty period. A favorable debt service variance is expected to continue for the remainder of the fiscal year. Loan payments are expected to commence again March 2008.
- **Capital Outlay Expenditures YTD variance of \$6,813,827:** The favorable variance is primarily due to delayed expenditures for vehicle replacement and major maintenance. Of the favorable variance, \$3.2m is the result of delayed vehicle purchases. It is not expected that these savings will be recurring, as the vehicles scheduled for replacement will eventually be purchased. The remainder of the variance, approximately \$3.6m, is the result of many major maintenance projects currently in the design phase, which is the least expensive phase. There will be a significant increase in expenditures as the year continues.

General Fund Departmental Variances:

**Elections** - General Fund expenditures are over budget YTD by \$240,659. Supplies and Service expenditures associated with the February 5, 2008, Presidential Primary Election were largely budgeted in February, yet costs began posting in January. It is expected that the costs will be fully covered towards the end of this quarter. However, there is a possibility that expenditures may have been greater than budgeted, but increased revenue from the State of Arizona will offset these increases.

**Internal Audit** - General Fund expenditures are over budget YTD by \$12,358 due to unattained personnel savings. The department is working with OMB on a Corrective Action Plan and anticipates expenditures to be under budget by fiscal year end.

**Research & Reporting** - General Fund expenditures are over budget YTD by \$19,050. Temporary pay to work on County General Population Survey early on in the fiscal year has caused this unfavorable variance. The department expects to be at or under budget by fiscal year end.

**Adult Probation** - Adult Probation General Fund expenditures are over budget YTD by \$157,634 due to unattained personnel savings. The department is working with OMB on a Corrective Action Plan and anticipates expenditures to be under budget by fiscal year end.

**Constables** - Constables General Fund expenditures are over budget YTD by \$29,269 due to the purchase of new radio equipment. The YTD variance is due largely to the timing of the purchase and the department will be within budget within the quarter.

**Juvenile Probation** - General Fund expenditures are over budget YTD by \$365,228 due to unattained personnel savings. The department is working with OMB on a Corrective Action Plan and anticipates expenditures to be under budget by fiscal year end.

**Office of Contract Counsel** - General Fund expenditures are over budget YTD by \$2,881,667. Negative YTD budget to actual variances associated with contracted Felony Representation cases represent the bulk of the overrun, including variances of (\$632,112) for Capital cases, (\$1,787,076) for Class 2 through 6 Felony cases, and (\$258,539) for Adult Appeal cases. The department is working with OMB on a Corrective Action Plan.

**Sheriff** - General Fund expenditures are over budget YTD by \$489,821. Two issues are contributing to the current month's overrun, which will be corrected in February bringing the Sheriff's Office General Fund within budget. The first issue is a technical correction between the Sheriff's Office and the Stadium District regarding billing for ballpark security. The second issue is a pending appropriation increase of \$724,341 for patrol services contracted by Goodyear.

### **Detention Fund**

- **Sales Tax Revenue YTD variance of (\$2,779,824):** The FY 07-08 budget was based on the April 2007 Pessimistic forecast from EDP and assumed 3 percent growth over the previous fiscal year. January revenue was actually 1.9 percent less than the same month in the prior year. This trend is expected to continue, and may worsen based on recent reports from local economists. The January forecast from EDP was reduced to zero percent growth in the Most Likely scenario, and a 2 percent decline in the Pessimistic scenario. The latest forecasts are for budget shortfalls of \$4.4 to \$7.3m this fiscal year.
- **Supplies YTD variance of (\$95,716):** The negative YTD variance is primarily attributable to increases in medical supplies, fuel costs, and technical adjustments within the fund balance. Timing of purchases is largely responsible for the deficit spending in this category and all departments should be under budget by fiscal year end for their supply purchases.

### **Detention Fund Departmental Variance:**

**Sheriff** - Detention Fund expenditures are over budget YTD by \$340,437 due primarily to overtime. The Office's Corrective Action Plan, which included drastically reducing overtime useage, implementing a hiring freeze, transferring eligible expenses from the Detention Fund to the Inmate Services Fund and reducing some services, was implemented during the month of November. The Office will continue utilizing these cost-saving strategies in order to end the year within budget.

To ensure effective management of budgeted funds, OMB continues to work with departmental liaisons to rectify negative variances. In a collaborative effort, the Department of Finance continues to provide accurate and timely financial information to support management decisions.

Please review and let me know if you have any questions that we can address.

Cc: Sandi Wilson  
Assistant County Managers  
Shelby Scharbach  
DOF Finance Managers  
OMB Deputy Directors  
OMB Budget Supervisors



# General Fund

## Executive Summary

### As of January 31, 2008

<b>Revenues</b>	<b>Revised FY Budget</b>	<b>YTD Budget</b>	<b>YTD Actual</b>	<b>Variance</b>
Property Taxes	425,284,450	246,934,778	240,313,509	(6,621,269)
Vehicle License Taxes	143,247,168	85,234,731	84,336,280	(898,451)
Sales Taxes	497,453,141	280,777,759	269,702,195	(11,075,564)
Intergovernmental	12,359,263	4,902,911	6,013,680	1,110,769
Interest	12,000,000	4,909,602	13,275,714	8,366,112
Miscellaneous	81,467,514	46,549,142	45,284,549	(1,264,593)
Transfers In	6,838,417	3,989,077	3,989,067	(10)
<b>Total Revenues</b>	<b>1,178,649,953</b>	<b>673,298,000</b>	<b>662,914,994</b>	<b>(10,383,006)</b>
<b>Expenditures</b>				
Personnel Services	488,473,839	284,647,826	280,688,779	3,959,047
Supplies	33,380,164	8,259,387	7,356,251	903,136
Services	337,800,903	99,529,793	76,125,332	23,404,461
Intergovernmental Payments	223,060,697	130,260,819	127,507,202	2,753,617
Debt Service	13,536,761	7,778,797	4,824,445	2,954,352
Capital Outlay	20,573,536	12,538,364	5,724,537	6,813,827
Transfers Out	217,189,228	137,887,465	137,875,348	12,117
<b>Total Expenditures</b>	<b>1,334,015,128</b>	<b>680,902,451</b>	<b>640,101,894</b>	<b>40,800,557</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(155,365,175)</b>	<b>(7,604,451)</b>	<b>22,813,100</b>	<b>30,417,551</b>
<b>Beginning Fund Balance</b>	<b>414,158,357</b>	<b>414,158,357</b>	<b>445,090,202 <sup>(1)</sup></b>	<b>30,931,845</b>
<b>Revenues</b>	<b>1,178,649,953</b>	<b>673,298,000</b>	<b>662,914,994</b>	<b>(10,383,006)</b>
<b>Expenditures</b>	<b>1,334,015,128</b>	<b>680,902,451</b>	<b>640,101,894</b>	<b>40,800,557</b>
<b>Fund Balance with Designations</b>	<b>258,793,182</b>	<b>406,553,906</b>	<b>467,903,302</b>	<b>61,349,396</b>
<b>Fund Balance Designations (2)</b>	<b>249,543,563</b>	<b>249,543,563</b>	<b>249,543,563</b>	<b>-</b>
<b>Undesignated Ending Fund Balance</b>	<b>9,249,619</b>	<b>157,010,343</b>	<b>218,359,739</b>	<b>61,349,396</b>

1. Unaudited Beginning Fund Balance

2. Fund Balance Designations:

Budget Stabilization:

Cash Flow/Property Tax	54,000,000
Reserve	157,809,663
Benefits Self-Funding Reserve	34,300,000
Sheriff Court Remodel	3,433,900
<b>Total:</b>	<b>249,543,563</b>

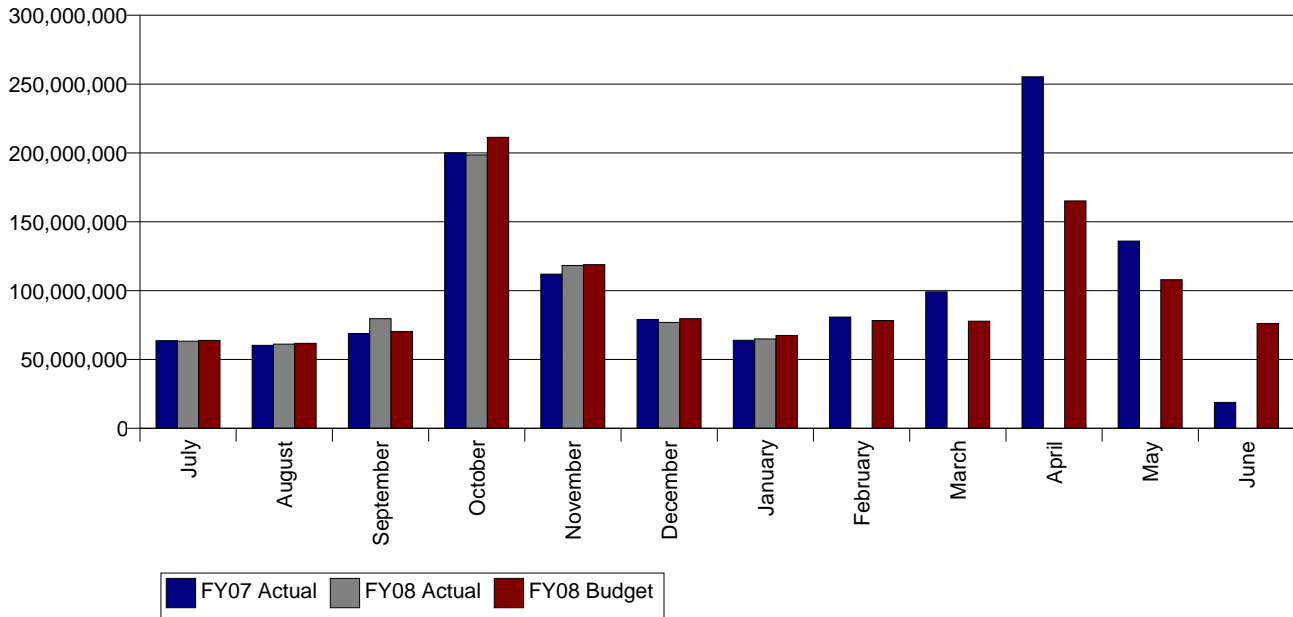


# **General Fund**

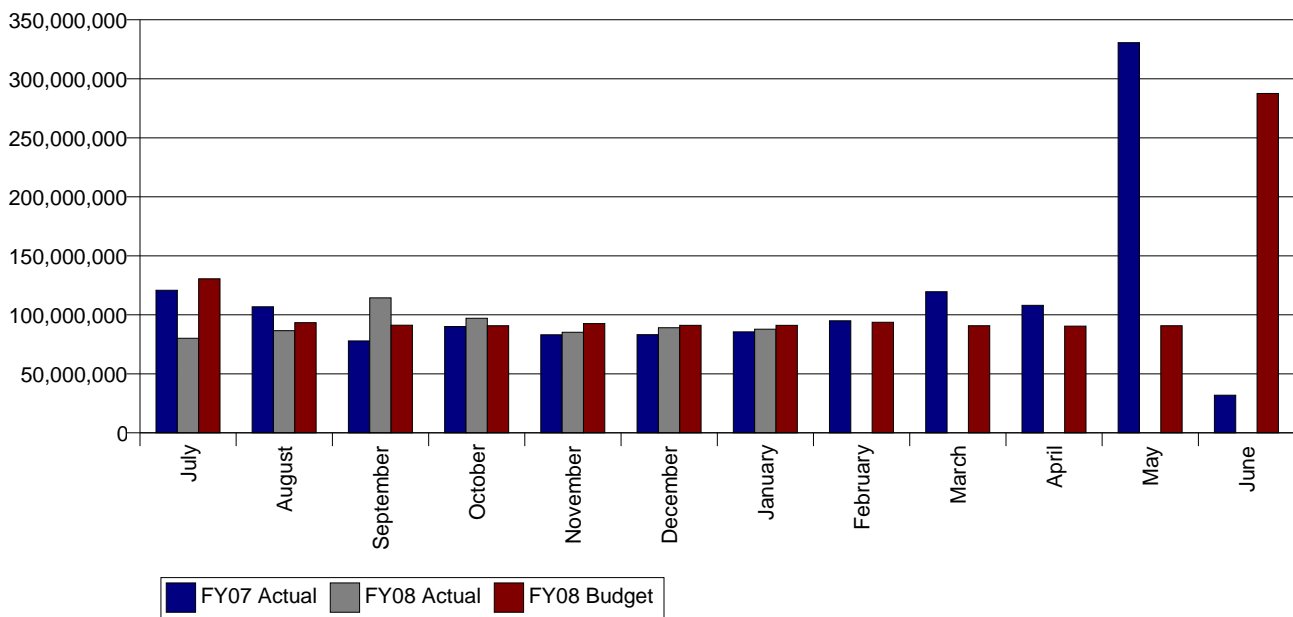
## **Executive Summary**

**As of January 31, 2008**

### **Revenues**



### **Expenditures**





# General Fund

## Category Detailed by Agency

### As of January 31, 2008

General Government	Revised Budget	YTD Budget	YTD Actual	Variance	% of Variance
ASSESSOR	25,477,383	14,931,087	14,221,887	709,200	4.75 %
BOARD OF SUPERVISORS CLERK	783,071	474,303	428,769	45,534	9.60 %
BOARD OF SUPERVISORS DIST 1	389,161	234,406	213,158	21,248	9.06 %
BOARD OF SUPERVISORS DIST 2	389,161	227,730	211,299	16,431	7.22 %
BOARD OF SUPERVISORS DIST 3	389,161	228,531	192,415	36,116	15.80 %
BOARD OF SUPERVISORS DIST 4	389,161	221,625	190,092	31,533	14.23 %
BOARD OF SUPERVISORS DIST 5	389,161	228,839	212,422	16,417	7.17 %
COUNTY CALL CENTER	1,763,208	1,022,238	1,021,286	952	0.09 %
COUNTY MANAGERS OFFICE	2,300,030	1,358,657	1,244,499	114,158	8.40 %
ELECTIONS	12,135,604	6,661,529	6,902,188	(240,659)	-3.61 %
ENTERPRISE TECHNOLOGY	10,592,666	6,135,353	5,914,082	221,271	3.61 %
FACILITIES MANAGEMENT	14,177,995	8,421,412	8,206,330	215,082	2.55 %
FINANCE	4,091,497	2,422,903	2,327,884	95,019	3.92 %
INTERNAL AUDIT	1,988,203	1,065,953	1,078,311	(12,358)	-1.16 %
MANAGEMENT & BUDGET	3,087,661	1,825,631	1,540,442	285,189	15.62 %
MATERIALS MANAGEMENT	2,123,861	1,237,788	1,200,380	37,408	3.02 %
RECORDER	2,626,351	1,518,370	1,400,221	118,149	7.78 %
RESEARCH & REPORTING	374,712	220,078	239,128	(19,050)	-8.66 %
TREASURER	5,172,199	3,105,543	2,923,578	181,965	5.86 %
WORKFORCE MGMT & DEVELOPMENT	1,247,994	766,442	753,450	12,992	1.70 %
<b>Subtotal</b>	<b>89,888,240</b>	<b>52,308,418</b>	<b>51,803,804</b>	<b>504,614</b>	<b>0.96 %</b>
<b>Public Safety</b>	<b>Revised Budget</b>	<b>YTD Budget</b>	<b>YTD Actual</b>	<b>Variance</b>	<b>% of Variance</b>
ADULT PROBATION	66,151,242	38,820,937	38,978,571	(157,634)	-0.41 %
CLERK OF SUPERIOR COURT	34,052,040	20,113,551	19,900,746	212,805	1.06 %
CONSTABLES	2,434,957	1,417,748	1,447,017	(29,269)	-2.06 %
CORRECTIONAL HEALTH	4,076,942	2,452,614	2,331,301	121,313	4.95 %
COUNTY ATTORNEY	72,397,991	42,535,677	42,184,672	351,005	0.83 %
EMERGENCY MANAGEMENT SVCS	268,636	156,730	143,429	13,301	8.49 %
JUSTICE SYSTEM PLANNING INFO	846,536	470,821	357,828	112,993	24.00 %
JUVENILE PROBATION	21,190,397	12,462,552	12,827,780	(365,228)	-2.93 %
LEGAL DEFENDER	9,799,432	5,644,592	5,428,602	215,990	3.83 %
MEDICAL EXAMINER	8,083,502	4,733,485	4,630,105	103,380	2.18 %
OFFICE CONTRACT COUNSEL	17,247,643	8,634,091	11,515,758	(2,881,667)	-33.38 %
OFFICE OF LEGAL ADVOCATE	8,694,685	4,971,476	4,694,803	276,673	5.57 %
PUBLIC DEFENDER	40,974,306	23,991,039	23,965,247	25,792	0.11 %
PUBLIC FIDUCIARY	2,813,379	1,637,786	1,572,861	64,925	3.96 %
SHERIFF	71,202,352	42,094,148	42,583,969	(489,821)	-1.16 %
TRIAL COURTS	86,248,732	50,781,805	50,388,289	393,516	0.77 %
<b>Subtotal</b>	<b>446,482,772</b>	<b>260,919,052</b>	<b>262,950,976</b>	<b>(2,031,924)</b>	<b>-0.78 %</b>
<b>Health, Welfare and Sanitation</b>	<b>Revised Budget</b>	<b>YTD Budget</b>	<b>YTD Actual</b>	<b>Variance</b>	<b>% of Variance</b>
ANIMAL CONTROL SERVICES	360,115	210,607	206,024	4,583	2.18 %
ENVIRONMENTAL SERVICES	7,059,208	3,675,882	2,087,531	1,588,351	43.21 %
HUMAN SERVICES	2,702,378	1,576,392	1,106,038	470,354	29.84 %
PUBLIC HEALTH	12,921,147	7,585,882	6,603,025	982,857	12.96 %
<b>Subtotal</b>	<b>23,042,848</b>	<b>13,048,763</b>	<b>10,002,619</b>	<b>3,046,144</b>	<b>23.34 %</b>
<b>Culture and Recreation</b>	<b>Revised Budget</b>	<b>YTD Budget</b>	<b>YTD Actual</b>	<b>Variance</b>	<b>% of Variance</b>
PARKS & RECREATION	1,764,191	1,019,391	987,067	32,324	3.17 %
<b>Subtotal</b>	<b>1,764,191</b>	<b>1,019,391</b>	<b>987,067</b>	<b>32,324</b>	<b>3.17 %</b>
<b>Education</b>	<b>Revised Budget</b>	<b>YTD Budget</b>	<b>YTD Actual</b>	<b>Variance</b>	<b>% of Variance</b>
SUPERINTENDENT OF SCHOOLS	2,449,728	1,434,128	1,355,460	78,668	5.49 %
<b>Subtotal</b>	<b>2,449,728</b>	<b>1,434,128</b>	<b>1,355,460</b>	<b>78,668</b>	<b>5.49 %</b>
<b>Other Gov Fund</b>	<b>Revised Budget</b>	<b>YTD Budget</b>	<b>YTD Actual</b>	<b>Variance</b>	<b>% of Variance</b>
GENERAL GOVERNMENT	247,044,718	143,593,248	137,389,657	6,203,591	5.28 %
GEN GOV APPROPRIATED FND BALANCE	164,699,794	61,306,614	47,421,004	13,885,610	22.65 %
NON-DEPARTMENTAL	358,642,837	147,272,837	129,573,288	17,699,549	12.02 %
<b>Subtotal</b>	<b>770,387,349</b>	<b>352,172,699</b>	<b>313,001,966</b>	<b>39,170,733</b>	<b>11.12 %</b>
<b>Total Expenditures</b>	<b>1,334,015,128</b>	<b>680,902,451</b>	<b>640,101,894</b>	<b>40,800,557</b>	<b>5.96 %</b>



# Detention Fund

## Executive Summary

As of January 31, 2008

<b>Revenues</b>	<b>Revised FY Budget</b>	<b>YTD Budget</b>	<b>YTD Actual</b>	<b>Variance</b>
Sales Taxes	149,823,673	85,176,059	82,396,235	(2,779,824)
Interest	3,000,000	1,750,000	4,473,505	2,723,505
Miscellaneous	28,548,509	16,653,303	21,152,197	4,498,894
Transfers In	165,933,494	96,794,539	96,794,538	(1)
<b>Total Revenues</b>	<b>347,305,676</b>	<b>200,373,901</b>	<b>204,816,476</b>	<b>4,442,575</b>
<b>Expenditures</b>				
Personnel Services	234,966,063	136,394,144	135,432,198	961,946
Supplies	14,129,562	8,536,748	8,632,464	(95,716)
Services	113,859,832	35,884,677	30,149,694	5,734,983
Debt Service	1,753,612	1,022,960	843,955	179,005
Capital Outlay	17,632,217	10,285,522	3,811,905	6,473,617
Transfers Out	32,112,796	32,112,796	32,112,796	-
<b>Total Expenditures</b>	<b>414,454,082</b>	<b>224,236,847</b>	<b>210,983,012</b>	<b>13,253,835</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(67,148,406)</b>	<b>(23,862,946)</b>	<b>(6,166,536)</b>	<b>17,696,410</b>
<b>Beginning Fund Balance</b>	<b>145,551,542</b>	<b>145,551,542</b>	<b>146,163,844 <sup>(1)</sup></b>	<b>612,302</b>
<b>Revenues</b>	<b>347,305,676</b>	<b>200,373,901</b>	<b>204,816,476</b>	<b>4,442,575</b>
<b>Expenditures</b>	<b>414,454,082</b>	<b>224,236,847</b>	<b>210,983,012</b>	<b>13,253,835</b>
<b>Fund Balance with Designations</b>	<b>78,403,136</b>	<b>121,688,596</b>	<b>139,997,309</b>	<b>18,308,713</b>
<b>Fund Balance Designations (2)</b>	<b>75,000,000</b>	<b>75,000,000</b>	<b>75,000,000</b>	<b>-</b>
<b>Undesignated Ending Fund Balance</b>	<b>3,403,136</b>	<b>46,688,596</b>	<b>64,997,309</b>	<b>18,308,713</b>

1. Unaudited Beginning Fund Balance

2. Fund Balance Designations:

Future Capital Projects	75,000,000
<b>Total:</b>	<b>75,000,000</b>



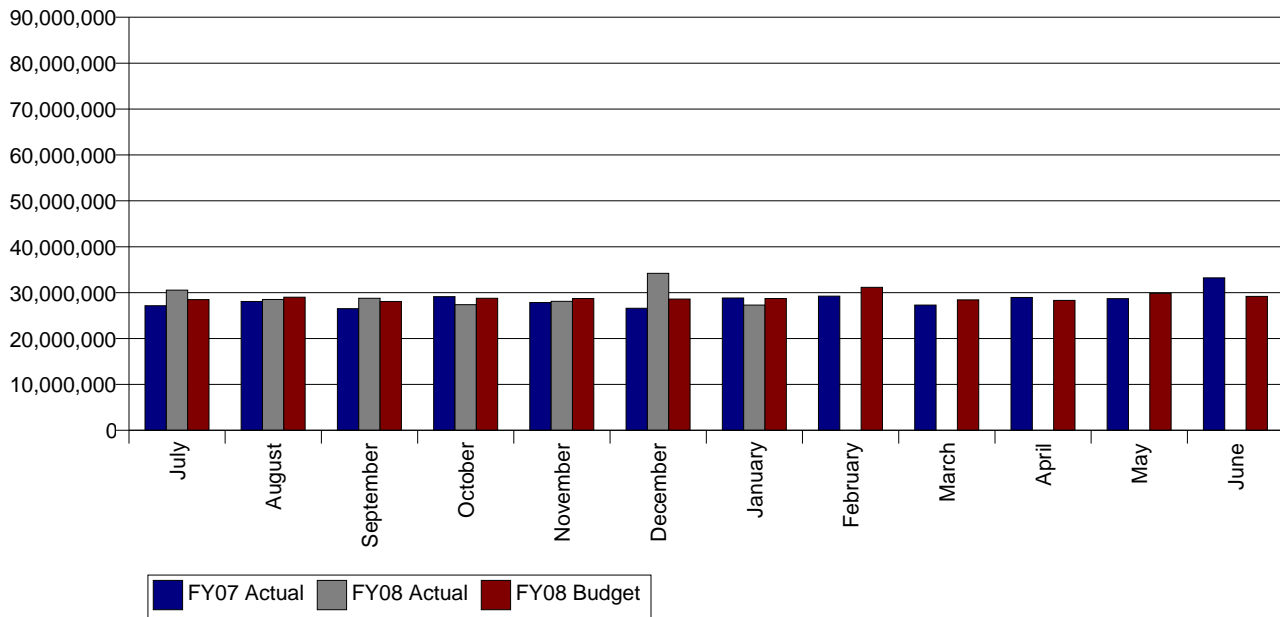


# ***Detention Fund***

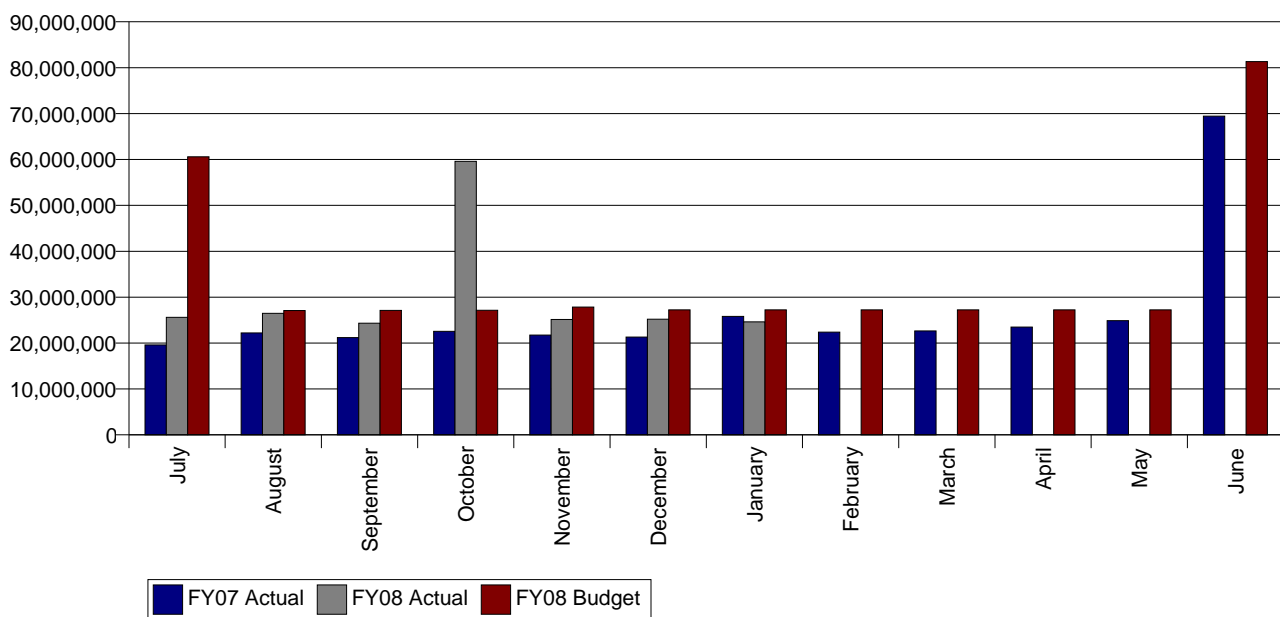
## ***Executive Summary***

### ***As of January 31, 2008***

#### **Revenues**



#### **Expenditures**





***Detention Fund***  
***Category Detailed by Agency***  
***As of January 31, 2008***

**Revenues**

<b>Agency</b>	<b>Revised Budget</b>	<b>YTD Budget</b>	<b>YTD Actual</b>	<b>Variance</b>	<b>% of Variance</b>
262 - CORRECT'L HLTH DETENTION FUND	6,500	3,794	2,032	(1,762)	(46.45)%
472 - NON-DEPT-DETENTION FUND	318,757,167	183,720,598	183,673,265	(47,333)	(0.03)%
482 - GEN GOV DETENTION FUND	1,946,762	1,135,612	2,926,154	1,790,542	157.67%
507 - SHERIFF DETENTION FUND	26,595,247	15,513,897	18,215,025	2,701,128	17.41%
	<b>347,305,676</b>	<b>200,373,901</b>	<b>204,816,476</b>	<b>4,442,575</b>	<b>2.22%</b>

**Expenditures**

<b>Agency</b>	<b>Revised Budget</b>	<b>YTD Budget</b>	<b>YTD Actual</b>	<b>Variance</b>	<b>% of Variance</b>
262 - CORRECT'L HLTH DETENTION FUND	48,802,468	28,771,577	27,862,003	909,574	3.16%
276 - JUV PROBTN DETENTION FUND	36,391,339	21,235,906	21,119,602	116,304	0.55%
420 - JUSTICE SYSTEM PLANNING INFO	1,913,044	1,235,703	901,526	334,177	27.04%
472 - NON-DEPT-DETENTION FUND	58,221,054	15,107,302	8,420,576	6,686,726	44.26%
482 - GEN GOV DETENTION FUND	69,095,168	40,706,636	35,464,528	5,242,108	12.88%
507 - SHERIFF DETENTION FUND	196,824,775	115,275,021	115,615,458	(340,437)	(0.30)%
701 - DETENTION OPERATIONS	3,206,234	1,904,702	1,599,318	305,384	16.03%
	<b>414,454,082</b>	<b>224,236,847</b>	<b>210,983,012</b>	<b>13,253,835</b>	<b>5.91%</b>